

# GMS Flash Alert

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## Brazil – Senate Approves Brazil-Poland Income Tax Treaty

On July 15, 2025, the Brazilian Senate (*Senado Federal*) approved the Brazil-Poland Income Tax Treaty (“the Treaty”), via Draft Legislative Decree No. 261/2024 (*decreto legislativo (PDL) 261/2024*).<sup>1</sup> The Senate’s approval of the Treaty marks a crucial step towards its implementation. While not yet effective, the Treaty will introduce comprehensive rules to eliminate double taxation, prevent tax evasion, and facilitate cross-border cooperation.

The Treaty reflects the deepening economic relationship between Brazil and Poland, facilitating trade, investment, and mobility by providing tax certainty and reducing the risk of double taxation. The agreement incorporates OECD/G20 BEPS standards, including anti-abuse provisions, mutual agreement procedures, and information exchange mechanisms. Once effective, the Treaty will apply to income paid or arising from 1 January of the year following entry into force, affecting tax planning for 2026 and beyond.

### WHY THIS MATTERS

Double taxation treaties are generally expected to facilitate cross-border commerce and investments, including the movement of globally-mobile employees between one country and another, in this case Brazil and Poland, by reducing or eliminating double taxation on the same income.

As such, a double taxation treaty, like this one between Brazil and Poland, can have a substantial impact on international work assignments, as they clarify taxing rights and create rules that help prevent tax evasion and tax abuse with respect to many different sources of income, and thereby help multinational companies – and their tax service providers – manage the tax liabilities of employees working across borders. Consequently, companies doing business between Poland and Brazil can more effectively plan for the costs of sending employees into each other’s country and foster compliance with the other country’s tax laws while enhancing tax efficiency.

### Context

Prior to this Treaty, Brazil and Poland did not have a comprehensive double taxation agreement, leading to potential double taxation, increased compliance costs, and uncertainty for cross-border business and investment.

The Treaty was concluded on September 20, 2022.

## Key Highlights

### Senate Approval

On July 15, 2025, the Brazilian Senate approved the Brazil-Poland Income Tax Treaty, via Draft Legislative Decree No. 261/2024.

### Treaty Status

- The Treaty was signed on September 20, 2022, ratified by Poland on April 12, 2023, but is not yet in force. Entry into force requires completion of internal procedures by both countries and mutual notification.
- The Treaty aims to eliminate double taxation and prevent tax evasion and avoidance with respect to income taxes. It covers federal income taxes and social contributions on net profits in Brazil, and personal and corporate income taxes in Poland.
- The Treaty addresses residency, permanent establishment, taxation of various income types (dividends, interest, royalties, technical services), mutual agreement procedures, exchange of information, anti-abuse rules, and non-discrimination.

### Withholding Tax Rates

The Treaty sets maximum withholding tax rates for dividends (10 percent or 15 percent), interest (10 percent or 15 percent), royalties (10 percent or 15 percent), and technical services (10 percent), subject to the most-favoured nation clauses.

### Anti-Abuse Measures

The Treaty includes limitations on benefits, principal purpose test, and provisions to counter treaty-shopping and tax-avoidance schemes.

## KPMG INSIGHTS

### Considerations for Next Steps

The Treaty is expected to become effective for tax periods beginning 1 January of the year following entry into force, likely impacting 2026 tax year operations.

Considering the upcoming changes, the following are the recommendations:

- Stakeholders should closely track the final steps toward entry into force and assess the impact of the treaty on their tax obligations;
- Companies and individuals engaged in Brazil-Poland cross-border activities should review their current arrangements for alignment with the new Treaty provisions;
- Engage with affected stakeholders, tax and legal advisers, and payroll administrators to prepare for changes in withholding rates, reporting obligations, and anti-abuse measures.

### What's Next?

Stakeholders should monitor for further guidance, notifications, and any amendments or protocols that may affect the application of the treaty.

If assignees and/or their program managers have any questions or concerns about the scope of the Treaty, its application and potential impacts, and appropriate next steps, they should consult with their qualified tax professional or a member of the GMS tax team with KPMG in Brazil (see the Contact Us section).

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#### FOOTNOTE:

1 News release from Brazil's Senate, *Da Agência Senado* (in Portuguese) "[Aprovado acordo com a Polônia para evitar bitributação](#)" (15/07/2025).

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## Contact us

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